

8TELECOM INTERNATIONAL HOLDINGS CO. LTD.

(Company Registration No. 34713)
(Incorporated in Bermuda)
(the “Company”)

CONDITIONAL SALE AND PURCHASE AGREEMENT RELATING TO THE PROPOSED ACQUISITION OF 51% OF THE ISSUED AND PAID UP CAPITAL OF (1) CHINA COMMODITY MARKET PTE. LTD.; AND (2) CHINA COMMODITY SHOPPING CENTRE PTE. LTD. (THE “TARGET COMPANIES”) (THE “PROPOSED ACQUISITION”)

1. INTRODUCTION

- 1.1. The Board of Directors (the “**Board**”) of 8Telecom International Holdings Co. Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) is pleased to announce that it has today entered into a Conditional Sale and Purchase Agreement (the “**CSPA**”) with Letu Investment Pte. Ltd. (“**Letu**”) and New Pacific Trading Pte. Ltd. (“**New Pacific**” and collectively, the “**Vendors**”) pursuant to which the Vendors propose to sell, and the Purchaser acquires, 51% of the entire issued and paid-up share capital of the Target Companies (the “**Sale Shares**”).
- 1.2. The Purchaser and the Vendors (each a “**Party**” and collectively the “**Parties**”) agree that they shall use their best endeavours to negotiate and complete the relevant terms and conditions set forth in the CSPA and such other terms which the Parties may agree in the course of negotiations.
- 1.3. In connection with the Proposed Acquisition, the Board wishes to announce that subject to the approval of shareholders of the Company, the Company intends to diversify into the proposed new business (the “**Proposed Diversification**”) as follows:
 - (a) the ownership, operation and management of supermarkets and department stores retailing food (including wet and dry foods) and beverages, general merchandise such as household products and toiletries, stationary, electrical appliances, cosmetics, apparel and footwear (the “**Products**”), including physical stores and web-stores on online platforms;
 - (b) the sale, distribution and delivery of the Products to other businesses and consumers;
 - (c) ownership, acquisition, operation and maintenance of factories manufacturing the Products, and warehouses involved in the storage and distribution of the Products; and
 - (d) development, ownership and acquisition of such related technology,(the “**Proposed New Business**”).

2. THE PROPOSED DIVERSIFICATION

The Group’s existing business focuses on telecommunication infrastructure solutions business (the “**Existing Business**”). The Proposed Diversification, being a diversification into the retail business, represents a diversification of the existing business scope and risk profile of the Group. As such, the Company intends to seek shareholders’ approval for the Proposed Diversification at a special general meeting (“**SGM**”) to be held.

3. INFORMATION ON THE TARGET COMPANIES AND THE VENDORS

The information presented herein and in other sections of this announcement relating to information on the Vendors, the Target Companies and the Supermarkets (as defined below) is based on information provided by the Vendor. In respect of such information and pending the results of the due diligence exercise carried out by the Company, the Company has not

independently verified the accuracy and correctness of such information. As such, the Company's responsibility is limited to ensuring that such information has been accurately and correctly extracted and reproduced in this announcement in its proper form and context.

3.1. The Vendors

The Vendors are collectively the existing legal and beneficial owners of 100% of the total issued and paid-up share capital of the Target Companies.

Letu is a company incorporated in Singapore with a total issued and paid-up capital of S\$100,000, engaged in the business of investment holding. The sole director of Letu is Ma Le. Letu holds 50,000 shares out of 100,000 shares, being the total number of issued shares of CCSC and 50,000 shares out of 100,000 shares, being the total number of issued shares of CCM. The shares owned by Letu represents 50% of the total voting rights of the Target Companies. New Pacific is a company incorporated in Singapore with a total issued and paid-up capital of S\$100,000, engaged in the business of general wholesale trade. The sole director of New Pacific is Wang Da. New Pacific holds 50,000 shares out of 100,000 shares, being the total number of issued shares of CCSC and 50,000 shares out of 100,000 shares, being the total number of issued shares of CCM. The shares owned by New Pacific represents 50% of the total voting rights of the Target Companies. The shareholders of Letu and New Pacific are Chen Junxing and Xiang Guanghua. The business of the Supermarkets (as defined below) was introduced to the Company by Ms Wang Zhejun, the Executive Director of the Company.

As at the date of this announcement, none of the Vendors, nor any of their shareholders and/or directors has any shareholding interests (direct or indirect) in the Company. Save as set out below in paragraph 3.2 below, the Vendors and their shareholders and directors are independent third parties who are unrelated to any of the Company's directors and/or controlling shareholders of the Company, or their respective associates.

3.2. The Target Companies

China Commodity Market Pte. Ltd. ("**CCM**") is a company incorporated in and existing under the laws of Singapore, having its registered office at 101 Upper Cross Street #04-15 People's Park Centre, Singapore 058357. As at the date of the CSPA, CCM has an authorised share capital of S\$100,000 comprising 100,000 shares. CCM is engaged in the business of supermarket services and such related services.

China Commodity Shopping Centre Pte. Ltd. ("**CCSC**") is a company incorporated in and existing under the laws of Singapore, having its registered office at 101 Upper Cross Street #04-15 People's Park Centre, Singapore 058357. As at the date of the CSPA, CCSC has an authorised share capital of S\$100,000 comprising 100,000 shares. CCSC is also engaged in the business of supermarket services and such related services.

As at the date of this announcement, the Vendors own 100% of the rights to two (2) supermarkets operating under the trade name of "China Commodity Market" (中国商品超市) (the "**Supermarkets**"). CCSC owns the supermarket operating at Geylang and CCM owns the supermarket operating at Chinatown.

Based on the unaudited financial statements of CCM for the financial period from 12 December 2016 (date of incorporation) to 30 September 2017 and unaudited financial statements of CCSC for the financial period from 21 November 2016 (date of incorporation) to 30 September 2017 (the "**Unaudited 3Q2017 Accounts**"), the net tangible asset value of the Target Companies is approximately \$1,729,000 and the net profits attributable to the Target Companies is approximately \$1,529,000, and the net tangible asset value of the Sale Shares is approximately \$882,000 and the net profits attributable to the Sale Shares is approximately \$779,000.

The shareholdings in the Target Companies shall be as follows:

CCM	Before the Proposed Acquisition			After the Proposed Acquisition		
	Number shares	of	Percentage of shareholding	Number shares	of	Percentage of shareholding
Purchaser	0		0%	51,000		51.0%
Letu	50,000		50%	24,500		24.5%
New Pacific	50,000		50%	24,500		24.5%

CCSC	Before the Proposed Acquisition			After the Proposed Acquisition		
	Number shares	of	Percentage of shareholding	Number shares	of	Percentage of shareholding
Purchaser	0		0%	51,000		51.0%
Letu	50,000		50%	24,500		24.5%
New Pacific	50,000		50%	24,500		24.5%

The Target Companies had been introduced to the Company by Ms Wang Zhejun, the Executive Director of the Company. Ms Wang came to know of the Target Companies as she knew Mr Chen Junxing, one of the beneficial owners of the Target Companies. Mr Chen Junxing then subsequently introduced Ms Wang to Mr Xiang Guanghua, the other beneficial owner of the Target Companies. Ms Wang was the local resident director and/or nominee shareholder of the Target Companies (as the case may be) from December 2016 to October 2017. She had been requested by Mr Chen to perform such roles as she knew Mr Chen well, and he had entrusted her with such roles due to her familiarity with the Singapore business environment and especially as Mr Xiang had never travelled to Singapore and Mr Chen had other business commitments requiring his constant presence in the People's Republic of China. Ms Wang, in her capacity as the named director and shareholder of CCM has also provided several personal guarantees in relation to the hire purchase of vehicles by CCM between February 2017 and July 2017. Ms Wang was never involved in the management of the Target Companies and management of the Target Companies had directly reported to Mr Chen and Mr Xiang. The audit committee of the Company (the "AC"), having taken into consideration the above, sought written confirmation and clarification from Ms Wang and the Vendors and each of them has confirmed the following:

- (i) that Ms Wang had at all times as director and/or shareholder of the Target Companies, as the case may be, been a nominee director and/or shareholder as the case may be, and she did not, at any time, have any control or management rights over the Target Companies;
- (ii) that her role as director and/or shareholder of the Target Companies, and provision of the several personal guarantees, had been only as a personal favour to Mr Chen given her friendship with him;
- (iii) that Ms Wang had taken on such roles due to her familiarity with the Singapore business environment and especially as Mr Xiang had never travelled to Singapore and Mr Chen had other business commitments requiring his constant presence in the People's Republic of China;
- (iv) that Ms Wang has not gained any financial profit from her abovementioned positions in the Target Companies;
- (v) that Ms Wang does not have any interest, direct or indirect, in the shares of the Target Companies; and

- (vi) that Ms Wang had introduced the supermarket business of the Target Companies to the Group as it had come to her attention that it was a potentially viable business with good prospects.

Having taken into consideration the facts at the material time, Ms Wang's explanation and the written confirmation as set out above, the AC has deliberated and accepted that this is not an interested person transaction within the meaning of Chapter 9 of the SGX-ST Listing Manual. The AC shall however, seek guidance from SGX-ST on this, and will update shareholders on the same.

As at the date of this announcement, Ms Wang is not a director or shareholder of any of the Target Companies.

3.3. The Supermarkets

The Supermarkets are located at 538 Geylang Road, #01-01, Singapore 386493 (the "**Geylang Supermarket**") and 1 Park Road, #05-01, Singapore 059108 (the "**Chinatown Supermarket**"). Both locations are highly accessible, with the first being 800m walk from Aljunied MRT and 100m from a bus stop, and the latter being located at one of the exits of Chinatown MRT. The Geylang Supermarket is approximately 4,900 sq. ft. and the Chinatown Supermarket is approximately 10,500 sq. ft. The Geylang Supermarket opens 24 hours daily and the Chinatown Supermarket opens from 10am to 10pm daily.

The Supermarkets carry, *amongst others*, popular products from the People's Republic of China such as Mengniu yoghurt drink (蒙牛純甄) and Tsingtao beer (青島啤酒) (the "**PRC Products**"), and other well-known food products and general merchandise that are commonly available in Singapore. The food product offerings include fruits and vegetable, meat, beverages (alcoholic and non-alcoholic), dairy products, oils, condiments and snacks. The general merchandise includes toiletries, personal care products, housewares, hardwares and other household products and necessities. The Target Companies have also developed exclusive food products such as frozen dumplings (five varieties including pork and white cabbage, mushroom and fungus and leek and egg) and tang yuan.

As a result of the Proposed Acquisition, the Company will be injected with a new business area which is substantially different from the Company's Existing Business. Accordingly, the Company will be convening an SGM to seek shareholders' approval for the Proposed Acquisition and the Proposed Diversification, notice of which will be announced in due course.

4. **PRINCIPAL TERMS OF THE PROPOSED ACQUISITION**

4.1. Consideration

The aggregate consideration (the "**Consideration**") for the purchase of the Sale Shares is S\$8,000,000 to be satisfied partly in cash and partly in shares of the Company.

4.2. Terms of Payment of Consideration

The Consideration shall be paid by the Company as follows:

To Letu:

- (i) S\$720,000 by way of issuance of new ordinary shares in the Company to Letu (the "**Letu Consideration Shares**"), at S\$0.09 per share, provided always that such price shall not be at a discount of more than 10% to the volume weighted average price per share based on the shares trading on the Official List on the last full market day preceding the date of signing of the CSPA. The Letu Consideration Shares shall be issued and allotted on the Completion Date or such later date as the parties to the CSPA may mutually agree in writing;

- (ii) the remaining consideration of S\$3,280,000 as follows:
- (a) upon Completion, the sum of \$175,000 provided to CCM as a loan by the Company, pursuant to the loan agreement dated 1 December 2017 (the “**CCM Loan**”), shall be assigned by CCM to Letu and the parties to the CSPA shall agree to offset the assigned CCM Loan as part of the Consideration at Completion, and the parties to the CSPA further agree that they shall execute all such documents or instruments required to effect the abovementioned assignment and set-off, provided always that in the event of termination of the CSPA, Letu shall immediately refund the CCM Loan in full to the Company, and in any event, no later than one (1) week from the date of such termination. For the avoidance of doubt, none of CCM nor Letu shall be obligated to make payment of any interest on the CCM Loan from Completion Date, to the Company;
 - (b) S\$1,600,000 shall be payable in cash one (1) year from the Completion Date (as defined below);
 - (c) S\$1,000,000 shall be payable in cash two (2) years from the Completion Date (as defined below); and
 - (d) S\$505,000 shall be payable in cash three (3) years from the Completion Date (as defined below).

To New Pacific:

- (iii) S\$720,000 by way of issuance of new ordinary shares in the Company to New Pacific (the “**NP Consideration Shares**”, and together with the Letu Consideration Shares, the “**Consideration Shares**”), at S\$0.09 per share, provided always that such price shall not be at a discount of more than 10% to the volume weighted average price per share based on the shares trading on the Official List on the last full market day preceding the date of signing of the CSPA. The NP Consideration Shares shall be issued and allotted on the Completion Date or such later date as the parties to the CSPA may mutually agree in writing;
- (iv) the remaining consideration of S\$3,280,000 as follows:
- (a) the Parties hereby agree that, upon Completion, the sum of \$175,000 provided to CCSC as a loan by the Company, pursuant to the loan agreement dated 1 December 2017 (the “**CCSC Loan**”), shall be assigned by CCSC to New Pacific and the parties to the CSPA shall agree to offset the assigned CCSC Loan as part of the Consideration at Completion, and the parties to the CSPA further agree that they shall execute all such documents or instruments required to effect the abovementioned assignment and set-off, provided always that in the event of termination of the CSPA, New Pacific shall immediately refund the CCSC Loan in full to the Company, and in any event, no later than one (1) week from the date of such termination. For the avoidance of doubt, none of CCSC nor New Pacific shall be obligated to make payment of any interest on the CCSC Loan from Completion Date, to the Company;
 - (b) S\$1,600,000 shall be payable in cash one (1) year from the Completion Date (as defined below);
 - (c) S\$1,000,000 shall be payable in cash two (2) years from the Completion Date (as defined below); and
 - (d) S\$505,000 shall be payable in cash three (3) years from the Completion Date (as defined below).

The Consideration Shares shall be issued free from all encumbrances and shall rank *pari passu* in all respects with and carry all rights similar to existing shares of the Company, save that they will not rank for any dividends, rights, allotments or other distributions, the record date for which falls on or before the relevant date of issue of such shares. The Vendors will not be holding the Consideration Shares on trust.

It was a term of the Vendors that the Company must provide an interest-free loan to the Targets, being the CCM Loan and CCSC Loan (collectively, the “**Loans**”) for the purposes of increasing their stocks of goods in anticipation of greater Chinese New Year sales. Management had agreed to their request as they are of the view that Supermarkets provided a viable and attractive business opportunity with good prospects and the Company therefore wished to invest in the Target Companies. Further an increased revenue received by the Supermarkets for the Chinese New Year would benefit the Company upon acquisition of the Target Companies. As management was of the view that the Proposed Acquisition is in the best interests of the Company and that the Loans are also repayable on demand, management was therefore agreeable to providing the Loans as such. The Loans had been provided on 1 December 2017.

4.3. Basis of Consideration

The Consideration was arrived at after arm’s length negotiations between the Company and the Vendors taking into account the profit of the Target Companies and a price-earnings ratio based on publicly available figures of similar businesses and on a willing-buyer, willing-seller basis.

4.4. Funding

The Company plans to finance the Proposed Acquisition using internal sources of funds and where required, financial institution borrowings and facilities. The Company may also consider tapping onto the capital markets to raise funds to pay the Consideration.

4.5. Completion

Completion of the Proposed Acquisition (the “**Completion**”) shall take place no later than six (6) months from the date of the CSPA or such other date as otherwise agreed in writing between the Parties (the “**Completion Date**”).

4.6. Conditions Precedent

Completion is conditional upon the following conditions having been fulfilled (or waived):

- (i) the resolution of the board of directors and shareholders, where applicable, of the Company having been obtained for the entry into and completion of the transactions contemplated to be entered into in the CSPA, including in particular the Proposed Acquisition and the allotment of the Consideration Shares, including approval pursuant to Rule 805 or 806 of the Listing Manual (as the case may be), for the allotment and issue of the Consideration Shares;
- (ii) the resolutions of the board of directors and shareholders, where applicable, of the Vendors having been obtained for the completion of the transactions contemplated to be entered into in the CSPA;
- (iii) the resolutions of the board of directors of each of the Target Companies having been obtained for the completion of the transactions contemplated to be entered into in the CSPA;
- (iv) the satisfactory outcome of due diligence carried out by the Company into the financial, legal and business of the Target Companies;
- (v) all necessary consents, approvals, and waivers of any government bodies, stock exchange, and other regulatory authority having jurisdiction over the Proposed Acquisition (whether in Singapore and/or any other applicable jurisdiction) and all other

transactions in connection therewith and incidental thereto, having been obtained or procured by the Company or the Vendors, as the case may be, including without limitation (if required) the approval in-principle of the SGX-ST being obtained by the Company for the Proposed Acquisition and approval in-principle being granted by the SGX-ST for the listing and quotation of the Consideration Shares on the Official List (on conditions, if any, acceptable to the Company), and such consents, approvals and waivers not having been amended or revoked before the Completion Date, and to the extent that such consents, approvals and waivers are subject to any conditions required to be fulfilled before the Completion Date, all such conditions having been duly so fulfilled;

- (vi) the allotment and issue of the Consideration Shares not being prohibited by any statute, order, rule or regulation promulgated or issued hereafter by any legislative, executive or regulatory body or authority of Singapore;
- (vii) no relevant authority taking, instituting, implementing, or threatening to take, institute or implement any action, proceeding, suit, investigation, inquiry or reference, or having made, proposed or enacted any statute, regulation, decision, ruling, statement or order or taken any steps, and there not continuing to be in effect or outstanding any statute, regulation, decision, ruling, statement or order which would or might:
 - (a) make the transactions contemplated in the CSPA and all other transactions in connection therewith and incidental thereto, void, illegal and/or unenforceable or otherwise restrict, restrain, prohibit or otherwise frustrate or be adverse to the same;
 - (b) render the Company unable to purchase or acquire the Sale Shares in the manner set out in the CSPA; and/or
 - (c) render the Vendors unable to sell or dispose the Sale Shares in the manner set out in the CSPA;
- (viii) each of the representations, undertakings, and warranties of the Vendors under the CSPA being complied with, true, complete, accurate, and correct in all material respects and not misleading in any material respect as at the Completion Date, as if repeated as at the Completion Date and at all times between the date of the CSPA and as at the Completion Date;
- (ix) there being no material adverse changes to the financial condition or operations of any of the Target Companies occurring on or before the Completion Date; and
- (x) there not having been at any time prior to or on Completion Date the occurrence of any of the following events:
 - (a) liquidation, bankruptcy or insolvency of any party;
 - (b) termination of substantially all or part of the business of any of the Target Companies, the Vendors or the Company by resolution of the general meeting of its shareholders;
 - (c) appointment of any assignee, receiver or liquidator for substantially all or part of the assets or business of any of the Target Companies, the Vendors or the Company; or
 - (d) attachment, sequestration, execution or seizure of substantially all or part of the assets of any of the Target Companies, the Vendors or the Company.

4.7. Vendors' Undertakings

The Vendors agree with and undertake to the Purchaser that pending Completion, they will procure that the Target Companies comply with, amongst others, the following prior to Completion:

- (i) the business of each of the Target Companies shall be conducted only in the ordinary course and there will be no change, other than changes in the ordinary course of business, in the assets or liabilities of such business;
- (ii) the Target Companies shall preserve the business organisation of such company and the goodwill of customers, suppliers and others having business relations with such company and shall not in any way depart from the ordinary course of its day to day business either as regards the nature, scope or manner of conducting the same;
- (iii) each of the Target Companies shall collect its accounts receivable in accordance with the normal course of business of such company;
- (iv) each of the Target Companies shall settle the trading debts of such company in accordance with the normal course of business of such company;
- (v) each of the Target Companies shall duly and timely observe and comply with all laws, rules, regulations, ordinances, codes, orders, licences, agreements and permits relating to its assets and business;
- (vi) none of the Target Companies shall enter into or agree to, create, extend, grant, issue, permit or assume any obligation for any encumbrance upon any of its assets except in the ordinary course of business;
- (vii) none of the Target Companies shall sell, lease, abandon, assign, transfer, licence or otherwise dispose of any of its assets or any interest therein except in the ordinary course of business or any part of its business nor assign any of its contracts;
- (viii) none of the Target Companies shall do or suffer anything to be done whereby its financial position shall be rendered less favourable than on the date of the CSPA otherwise than in the ordinary course of its present day to day business;
- (ix) save as provided in or required by the CSPA or required under the Companies Act or any other laws in force, none of the Target Companies shall pass any resolution by its members in general meeting in relation to making any alteration to the provisions of its constitution or make any alteration to the provisions of its constitution; and
- (x) none of the Target Companies shall increase or agree to increase the remuneration of any of its directors or officers or employees in excess of 10% of the amounts which are currently being paid to them as at the date of the CSPA, or increase or agree to increase other emoluments or benefits whatsoever other than those which are currently being paid to them as at the date of the CSPA or which have been disclosed in writing to the Purchaser.

5. **RATIONALE**

The Proposed Acquisition is in line with the Group's corporate strategy to realign the Group's business strategies and improve profits, provide shareholders with diversified returns and long-term growth.

The Proposed Acquisition will give the Group strategic exposure and entry into the retail supermarket business without having to further invest in set-up costs, given that the Supermarkets are already fully established and operational. It will also enable the Group to leverage on the Target Companies' positive track record, brand name, and established

management to enter into the retail supermarket business. The products carried by the Target Companies in the Supermarkets also have a strong following as the Supermarkets target and had been established with the People's Republic of China nationals resident in Singapore in mind. With aggregate net profits of approximately S\$1.4 million based on the Unaudited 3Q2017 Accounts, the Board is of the view that the Target Companies are an attractive investment for the Group. The acquisition of the Target Companies will be accretive to the Group, which will allow it to achieve a more consistent and sustainable financial growth.

Further, as previously informed to the shareholders of the Group in its announcements on 15 September 2017 and 14 November 2017, the Group's sole subsidiary, Arete M Pte. Ltd. ("**Arete M**") requires substantial capital to support its future growth in the information-communication services industry, and the Group is currently seeking for investors. At the same time, the Group has been actively searching for new viable businesses to be injected into the Company for additional revenue streams to enhance shareholders' value in the Company.

As a result of the Proposed Acquisition, the Company will be injected with the new businesses undertaken by the Target Companies and the Board is of the opinion that the Company can expect a major additional revenue stream and this will help the Company in continuing as a going concern. In view of the foregoing, the Board believes that the Proposed Acquisition will contribute positively to the future earnings of the Group and enhance shareholders' value in the long term.

6. FINANCIAL EFFECTS

The pro forma financial effects of the Proposed Acquisition, based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2016 (the "**Audited FY2016 Accounts**"), are set out below. The pro forma financial effects are presented for illustration purposes only and are not intended to reflect the actual performance or the financial situation of the Company or the Group after the completion of the Proposed Acquisition.

Such pro forma financial effects have been computed based on the Group's Audited FY2016 Accounts and the Unaudited 3Q2017 Accounts, and taking into account the subscription undertaken by the Company, as announced on 2 November 2017, 11 November 2017, 14 November 2017 and 18 November 2017, following the completion of which the issued and paid-up share capital of the Company increased from US\$9,578,084.90 comprising 93,737,249 shares to approximately US\$10,322,173.10 comprising 112,477,249 shares (the "**Subscription**").

6.1. Earnings per Share

Assuming that the Proposed Acquisition and the Subscription had been completed on 1 January 2016, the effect on the earnings per Share (the "**EPS**") will be as follows:

	Before Proposed Acquisition	After Proposed Acquisition
Net (loss) attributable to shareholders (S\$)	(25,078,000)	(23,550,000) ¹
Weighted average number of shares ²	112,477,249	128,477,249
Basic EPS	(0.22)	(0.18)

Notes:

- (1) The effect of the Proposed Acquisition on the net loss of the Company has been computed based on the Target Companies' net profits of approximately \$1.53 million as per its Unaudited 3Q2017 Accounts.
- (2) As at 8 March 2018, being the last trading day on which shares in the Company were transacted on the SGX-ST prior to the date of signing of the CSPA, and taking into account the Subscription.

6.2. Net Tangible Assets

Assuming that the Proposed Acquisition had been completed on 31 December 2016, the effect on the net tangible assets (the “NTA”) will be as follows:

	Before Proposed Acquisition	After Proposed Acquisition
NTA (S\$)	(3,257,000)	(1,114,000) ¹
Number of shares ²	112,477,249	128,477,249
NTA per share	(0.029)	(0.009)

Notes:

- (1) The effect of the Proposed Acquisition on the NTA of the Company has been computed based on the Target Companies' Unaudited 3Q2017 Accounts.
- (2) As at 8 March 2018, being the last trading day on which shares in the Company were transacted on the SGX-ST prior to the date of signing of the CSPA, and taking into account the Subscription.

7. **RULE 1006 OF THE SGX-ST LISTING MANUAL**

The relative figures in relation to the Proposed Acquisition pursuant to Rule 1006 of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual (“**Listing Manual**”), based on the unaudited financial statements of the Group for the financial period ended 30 September 2017 and the Target Companies' Unaudited 3Q2017 Accounts, and taking into account the Subscription, are:

Bases in Rule 1006	Relative figures
(a) net asset value of the assets to be disposed of, compared with the Target Companies' net asset value	Not applicable
(b) net profits attributable to the assets acquired, compared with the Group's net profits	N.M ¹
(c) aggregate value of the consideration compared with the Company's market capitalisation based on the total number of issues shares excluding treasury shares	87.4% ²
(d) number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	14.2% ³
(e) aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the group's proven and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets	Not applicable

Notes:

- (1) The relative figure for Rule 1006(b) in this instance is not meaningful as there was a loss attributable to the Group of approximately \$961,000 for the unaudited financial statements of the Group for the financial period ended 30 September 2017 whilst the Target Companies posted a net profit of approximately \$1,529,000 based on their Unaudited 3Q2017 Accounts.
- (2) The market capitalisation of the Company was approximately \$9,155,648 determined by multiplying the 112,477,249 shares in issue as at this date, by the weighted average price of the Company's shares of S\$0.0814

per share based on trades done on the Mainboard on 8 March 2018 (being the last full market day preceding the date of signing of the CSPA).

- (3) Based on an issue price for each Consideration Share of S\$0.09, the number of shares to be issued by the Company as consideration for the Proposed Acquisition is 16,000,000, and the number of equity securities previously in issue being 112,477,249, taking into account the Subscription.

As the relative figure under Rule 1006(c) of the Listing Manual exceeds 20%, the Proposed Transaction constitutes a “major transaction” under Rule 1014 of the Listing Manual and the Company will be seeking approval of Shareholders at the SGM to be convened.

8. ALLOTMENT AND ISSUANCE OF CONSIDERATION SHARES TO THE VENDOR

- 8.1. Rule 805(1) of the Listing Manual provides that an issuer must obtain prior approval of shareholders in general meeting for the issue of shares unless such issuance of shares is covered under a general mandate obtained from shareholders of the Company.
- 8.2. The Company will be seeking approval from shareholders for the allotment and issuance of the Consideration Shares to the Vendors at the SGM pursuant to Rule 805(1) of the Listing Manual as the allotment and issuance of the Consideration Shares to the Vendors for the Proposed Acquisition is not in reliance of the general mandate obtained from shareholders at the annual general meeting of the Company held on 29 August 2017.

9. SGX-ST LISTING APPROVAL

- 9.1. As set out above, the Company is seeking the specific approval of shareholders for the issue and allotment of the Consideration Shares in accordance with Rule 805 of the Listing Manual. The issue price for each Consideration Share is S\$0.09 based on a 10.6% premium to the volume weighted average price for trades done on the SGX-ST on 8 March 2018, being the last full market day preceding the date of signing of the Agreement. The Company intends to issue up to 16,000,000 Consideration Shares in relation to the Proposed Acquisition. This represents approximately 14.2% of the Company's issued and paid-up share capital as at the date of this announcement and approximately 12.5% of the enlarged issued and paid-up share capital of the Company following completion of the allotment and issuance of the Consideration Shares.
- 9.2. An application will be submitted by the Company to the SGX-ST to seek its approval for the listing of and quotation for the Consideration Shares on the Mainboard of the SGX-ST. An appropriate announcement on the outcome of such application will be made by the Company in due course.
- 9.3. Subject to receipt of the SGX-ST's approval-in-principle and compliance with such conditions (if any) imposed by the SGX-ST in connection therewith, the Consideration Shares shall, following allotment and issue on the terms and subject to the conditions of the Agreement, be listed and quoted on the Mainboard of the SGX-ST.

10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in this announcement, none of the Directors or the controlling shareholders of the Company have any interest, direct or indirect, in the Proposed Acquisition and/or Proposed Diversification, other than through their respective directorships and/or shareholdings in the Company.

11. CIRCULAR AND DOCUMENT FOR INSPECTION

The Circular containing information on the Proposed Acquisition and the Proposed Diversification, and enclosing the notice of SGM to seek Shareholders' approval for the Proposed Acquisition and the Proposed Diversification will be despatched by the Company to Shareholders in due course.

The CSPA is available for inspection during normal business hours at the registered office of the Company Secretary at 24 Raffles Place #19-05 Clifford Centre Singapore 048621 for a period of three (3) months from the date of this announcement.

12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition and Proposed Diversification, the Company, and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in the announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

13. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution in dealing or trading in the shares of the Company as there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully, and should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Wang Zhejun
Executive Director

8 March 2018